

WATCHES AND JEWELRY

Is ecommerce really the answer for luxury watches in China?

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Swiss watchmaker IWC Schaffhausen July 15 joined Tmall to tap the platform's reach with Chinese consumers looking to buy luxury goods online and via mobile. Image credit: IWC Schaffhausen

By [Alexander Wei](#)

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In yet another sign that luxury watch brands are warming up to the idea of ecommerce platforms in China, Swiss manufacturer IWC Schaffhausen made its debut on Tmall on July 15. It joins a growing list of Richemont brands on the country's biggest platform including Cartier, Piaget and Montblanc following the group's widely publicized joint venture with Alibaba.

Richemont brands aside, Swatch Group, LVMH and independent watchmakers alike are also jumping on the bandwagon brands such as Chopard, Omega, Zenith, Breitling and Tag Heuer are all choosing to dive into Chinese ecommerce, whether on Tmall or rival JD.com.

For a segment that has been traditionally slow in terms of digital adoption, this recent influx of watchmakers on Chinese ecommerce marketplaces hints at a growing shift in perception.

But the luxury watch industry is unlike any other, with a consumer journey that might not necessarily play out as well online. Is ecommerce really the right channel for selling high-end timepieces in China?

Be where your consumers are

As new shopping trends emerge, it is important for brands to keep up with the times and be where their consumers are.

According to a study, online luxury sales in China reached \$7.5 billion in 2019, which accounts for about 16 per cent of the country's total luxury market.

Watchmakers have traditionally been slow on the uptake when it comes to ecommerce, citing concerns regarding the online brand environment and skepticism that shoppers would drop thousands of dollars on a timepiece they have never experienced in person.

A watch, they have argued, is a far more emotional product than its luxury fashion counterparts. But recent events have proven otherwise.

In 2017, Omega dropped an exclusive limited edition "Speedy Tuesday" Speedmaster model in tribute to the online community founded by Robert-Jan Broer in 2012, available via online purchase only.

Publicized on social media, the timepiece was sold out within four-and-a-half hours. This online selling model was once again replicated in 2018 with a new limited-edition piece, and all 2,012 units of the watch snapped up in under two hours.



Omega has found success with ecommerce as limited-edition drops were snapped up within hours in 2017 and 2018 initiatives. Image credit: Omega

Clearly, consumers especially avid collectors are not opposed to the idea of purchasing a timepiece online. After all, procuring a timepiece before actually seeing it in person is a shopping behavior to which seasoned watch buyers are already used.

Collectors often place pre-orders for timepieces before their official launches at the industry's largest fairs, Watches & Wonders Geneva [formerly known as SIHH] and Baselworld.

Many other brands have since opted to launch their limited editions via digital channels, especially to Chinese consumers.

Noting the popularity of ecommerce marketplaces, brands such as Carl F. Bucherer have even taken to launching platform-specific limited editions. In 2018, it released an **exclusive Patravi ScubaTec timepiece with JD.com** in the online retailer's iconic red hue.

Building a channel for discovery

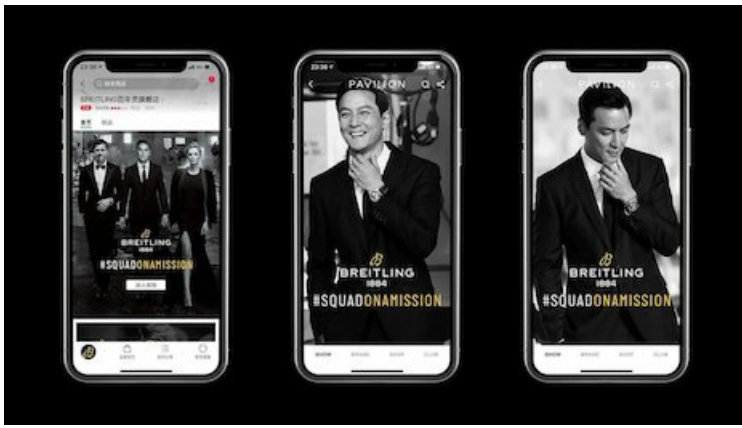
According to the **2019 Consumption Report of China's High-End Watch Market** report released by iResearch, nearly 51 per cent of Chinese consumers use digital channels including ecommerce platforms and digital media to discover timepieces.

While it remains to be seen whether ecommerce platforms can become primary sales channels in the future, its influence on other parts of consumer journey is indisputable.

"The consumer journey is circular, blending physical and digital touch points, and Chinese ecommerce platforms are among those touch points," said Antonio Carriero, chief digital and technology officer of Breitling.

"As a brand, we provide a consistent experience across all the touch points," he said. "Then it is up to the customer to decide when and where to engage with the brand, and finally choose where and how to buy."

The brand made its debut on Tmall in 2018.



Chinese ecommerce platforms are a key digital touch point for watch brand Breitling, which made its Tmall debut in 2018. Image credit: Breitling

Consistency is at the heart of the digital transformation of the fine watchmaking industry.

As shown in the [2019 China Luxury Digital Playbook](#) co-published by Boston Consulting Group and Tencent, 82 per cent of luxury purchases in China are the result of ROPO [research online, purchase offline] 30 per cent higher than the global average.

This further demonstrates that online and offline are not two separate battlefields in the consumer journey for the Chinese luxury market, but channels that directly influence each other.

Luxury watchmakers need to consider online channels as more than a revenue stream, but as an avenue for consumer discovery and brand marketing as well.

Unlike in the West where ecommerce platforms are highly centered on the transactional aspect, ecommerce platforms in China are very information-rich, offering livestreams, in-dept written content and even AR experiences. This has, in turn, shaped consumer behaviors on these platforms.

"Luxury brands should leverage in-platform content formats including editorial, entertainment, KOLs and product feedback to drive awareness around their brands and products, but also to shape the next generation's buying behavior when it comes to luxury watches," said Iris Chan, partner and international client development director at DLG (Digital Luxury Group).

Enhancing the omnichannel experience

As customers grow more discerning and open to new channels of distribution, the pressure for brands to develop omnichannel experiences continues to grow.

"Customers do not think in channels,' or distinguish between online' and offline' anymore," Mr. Carriero said. "They simply think of product' and brand,' and seek for consistency across touch points and recognition from the brand."

Luxury watch brands have been [building up their omnichannel experiences from transaction, delivery and authentication to after-sales service](#).

Some brands have introduced O2O deliveries and store appointment engines to tap into synergies between offline and online footprints, while others have tried to implement initiatives to address online shopping concerns like counterfeiting.

For instance, [Breitling has rolled out a blockchain-powered program](#) to enhance product authentication.

But that said, not all of this can be achieved through an ecommerce marketplace such as Tmall or JD.com. Brands need to invest in building an entire ecosystem around that in China to fully present a holistic omnichannel experience.

Other social platforms such as WeChat need to be leveraged, especially for CRM, clienteleing and even social selling purposes.

"Besides the fact that consumers want the freedom to be able to discover and purchase products via different online and offline channels, the consumer journey doesn't end when a purchase is made," Ms. Chan said.

"Brands need to build that relationship post-purchase with other platforms and tools as well," she said.

WeChat serves as a way for brands to continue engaging with customers after a boutique visit, continuing the conversation online to potentially trigger a purchase the visit as well, Mr. Carriero said.

"Digital touch points are playing a more relevant role in the decision making process and also in regards to the actual act of purchase," Mr. Carriero said.

"We should go beyond and really think in a holistic way about how consumers engage with brands, online and offline," he said. "After all, digital is where the customer lives."

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